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Committee Members
Insurance and Real Estate Committee
Connecticut General Assembly

Dear Committee Members:

The undersigned has been licensed to practice law in both the States of Connecticut and New York for the past 25 years. My law practice is almost exclusively complex insurance litigation on behalf of consumers and policyholders. I have also held a Connecticut Public Insurance Adjuster's license for over 35 years. I write in support of HB6235 and HB6238.

With respect to HB6235, I understand this bill provides that insurance companies shall provide advance payments in situations where losses are covered and the need exists for funds. This bill would greatly help Connecticut consumers. I have personally been involved in hundreds of claims where coverage has been accepted but wherein the homeowner or business owner has been forced to wait sometimes for months before receiving any money on an insurance claim. It is important to note that this practice is not uniform throughout this State. For example, there are some insurance companies who readily provide advance payments once they have determined the loss is covered. Also once the insurance company arrives at an evaluation, some insurance companies will pay their evaluation as an undisputed offer or an advance. This bill is not directed to those insurance companies who provide reasonable advances and provide the payment of undisputed offers.

HB6235 is intended to address those others insurance companies who use their financial power to force their insured's to suffer what is sometimes unbelievable misery even when there is a covered insurance claim and they have an insurance policy they have paid for. I have represented homeowners who have lost their entire home and all of their belongings and who have waited months for payments to be made. I have also represented business owners whose losses are covered but some insurance companies refuse to make reasonable advances or to pay their offers as undisputed advances. I have a claim right now where the insured has not been paid

for fourteen months, even though the claim is covered and the insurance company made an offer months ago.

This bill does not require payments to be made where the loss is not covered or where the insurance company has denied coverage for the loss. However, where the loss is covered, Connecticut consumers should know that their insurance companies will be obligated to make reasonable advances to them, and this bill assures that all insurance companies doing business in Connecticut will be required to provide reasonable advances.

With respect to HB6238, I also strongly request this committee pass this bill. The undersigned argued the case of Northrop v. Allstate Insurance Company to the Connecticut Supreme Court. Prior to the Northrop decision, insurance companies required homeowners to rebuild their homes and borrow money despite the fact that they had a covered claim and an insurance settlement. While the Northrop decision has been helpful in allowing homeowners to rebuild their homes, there are many who cannot because the insurance company applies a holdback and contractors cannot afford to finance all of the work. By requiring insurance companies to pay replacement cost coverage without holdback, this bill will allow Connecticut homeowners to have the necessary insurance funds to repair their damaged homes.

In addition, I also support this bill because it clarifies that actual cash value is the cost to rebuild minus reasonable depreciation. Some insurance companies have taken advantage of the decline in the real estate market and have tried to equate actual cash value with the market value of the damaged property. In some cases, Connecticut consumers can insure their homes based on replacement cost, yet when they suffer a loss if their insurance company does not use replacement cost less depreciation to determine actual cash value, the insurance company can pay only a fraction of the amount of coverage arguing that market value is equivalent to actual cash value.

I have personally been involved in a number of cases where homeowners are unable to rebuild their homes because an actual cash value payment based upon market value will now allow the insured enough money to hire a builder to make the necessary repairs to their home. These bills will greatly help Connecticut consumers and I strongly urge their passage.

Sincerely,

Jon D. Biller

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